

Senate Engrossed House Bill

**FILED**

**JANICE K. BREWER  
SECRETARY OF STATE**

State of Arizona  
House of Representatives  
Forty-seventh Legislature  
Second Regular Session  
2006

CHAPTER 143

# **HOUSE BILL 2821**

AN ACT

AMENDING SECTIONS 11-495, 42-11001, 42-13352, 42-16202, 42-16203, 42-16205  
AND 42-17052, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 17,  
ARIZONA REVISED STATUTES, BY ADDING ARTICLE 8; AMENDING SECTION 42-18153,  
ARIZONA REVISED STATUTES; RELATING TO PROPERTY TAX ASSESSMENTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 11-495, Arizona Revised Statutes, is amended to  
3 read:

4 11-495. Taxpayers' information fund

5 A. A taxpayers' information fund is established in each county  
6 treasury consisting of monies collected from the public records copy  
7 surcharge imposed pursuant to section 11-496, the tax lien processing fee  
8 imposed pursuant to section 42-18116, subsection C, fifteen dollars of each  
9 judgment deed fee collected pursuant to section 42-18205, subsection A,  
10 INTEREST EARNED FROM THE ELDERLY ASSISTANCE FUND PURSUANT TO SECTION 42-17401  
11 and the community facilities district special assessment fee imposed pursuant  
12 to section 48-721.

13 B. The county treasurer shall administer the fund and spend monies in  
14 the fund only to defray the cost of converting or upgrading an automated  
15 public information system as follows:

- 16 1. Purchasing computer hardware and software.
- 17 2. Training employees to operate the system.
- 18 3. Maintaining the system, including purchasing equipment maintenance  
19 agreements.
- 20 4. Updating the system hardware and software.

21 C. The county treasurer shall annually submit to the board of  
22 supervisors the amount of anticipated revenues under this section. If the  
23 projected revenues are considered to be insufficient to establish and  
24 maintain the fund at an adequate level, the monies may accumulate until  
25 sufficient monies are available in the fund."

26 Sec. 2. Section 42-11001, Arizona Revised Statutes, is amended to  
27 read:

28 42-11001. Definitions

29 In chapters 11 through 19 of this title, unless the context otherwise  
30 requires:

- 31 1. "Assessed valuation" means the value derived by applying the  
32 applicable percentage prescribed by chapter 15, article 1 of this title to  
33 the full cash value or limited property value of the property, as applicable.
- 34 2. "Board" or "state board" means the state board of equalization.
- 35 3. "County board" means the county board of supervisors sitting as the  
36 county board of equalization.
- 37 4. "Current usage" means the use to which property is put at the time  
38 of valuation by the assessor or the department.
- 39 5. "DUE DATE" MEANS THE NEXT BUSINESS DAY IF A DUE DATE OF ANY REPORT,  
40 CLAIM, RETURN, STATEMENT, PAYMENT, DEPOSIT, PETITION, NOTICE OR OTHER  
41 DOCUMENT OR FILING FALLS ON SATURDAY, SUNDAY OR A LEGAL HOLIDAY.
- 42 ~~5-~~ 6. "Full cash value" for property tax purposes means the value  
43 determined as prescribed by statute. If no statutory method is prescribed,  
44 full cash value is synonymous with market value which means the estimate of  
45 value that is derived annually by using standard appraisal methods and

1 techniques. Full cash value is the basis for assessing, fixing, determining  
2 and levying secondary property taxes. FULL CASH VALUE SHALL NOT BE GREATER  
3 THAN MARKET VALUE REGARDLESS OF THE METHOD PRESCRIBED TO DETERMINE VALUE FOR  
4 PROPERTY TAX PURPOSES.

5 ~~6-~~ 7. "Limited property value" means the value determined pursuant to  
6 section 42-13301. Limited property value is the basis for:

7 (a) Computing levy limitations for counties, cities, towns and  
8 community college districts.

9 (b) Assessing, fixing, determining and levying primary property taxes.

10 8. "NET ASSESSED VALUE" MEANS THE ASSESSED VALUE MINUS ANY EXEMPT  
11 PROPERTY.

12 ~~7-~~ 9. "Person" means a natural person, individual, proprietor,  
13 proprietorship, company, corporation, organization, association, joint  
14 venture, partner, partnership, trust, estate, OR limited liability company,  
15 the federal or state government, a political subdivision of a state or any  
16 other legal entity or combination of entities that owns, controls or has  
17 possession of real or personal property.

18 ~~8-~~ 10. "Personal property" includes property of every kind, both  
19 tangible and intangible, not included in the term real estate.

20 ~~9-~~ 11. "Primary property taxes" means all ad valorem taxes except for  
21 secondary property taxes.

22 ~~10-~~ 12. "Producing mine" or "mining claim" means a mine or mining  
23 claim from which coal or any other mineral or mineral substance, except for  
24 clay, sand, gravel, building stone or a mineral or mineral substance that is  
25 normally processed into artificial stone, has been extracted for commercial  
26 purposes at any time during a period of one year before the first Monday in  
27 January of the valuation year.

28 ~~11-~~ 13. "Real estate" includes the ownership of, claim to, possession  
29 of or right of possession to lands or patented mines.

30 ~~12-~~ 14. "Roll" means the assessment and tax roll.

31 ~~13-~~ 15. "Secondary property taxes" means:

32 (a) Ad valorem taxes or special property assessments that are used to  
33 pay the principal of and the interest and redemption charges on bonded  
34 indebtedness or other lawful long-term obligations that are issued or  
35 incurred for a specific capital purpose by a municipality, county or taxing  
36 district.

37 (b) Ad valorem taxes or assessments levied by or for special taxing  
38 districts and assessment districts other than school districts and community  
39 college districts.

40 (c) Amounts levied pursuant to an election to exceed a budget,  
41 expenditure or tax limitation.

42 ~~14-~~ 16. "Tax year" for all property means the calendar year in which  
43 the taxes are levied.

44 ~~15-~~ 17. "Valuation" means the full cash value or limited property  
45 value that is determined for real or personal property, as applicable.

1       ~~16-~~ 18. "Valuation date", for the purposes of real property and  
2 property valued by the department, means January 1 of the year preceding the  
3 year in which taxes are levied.

4       ~~17-~~ 19. "Valuation year" means:

5       (a) For real property and property valued by the department, the  
6 calendar year preceding the year in which the taxes are levied.

7       (b) For personal property, the calendar year in which the taxes are  
8 levied.

9       Sec. 3. Section 42-13352, Arizona Revised Statutes, is amended to  
10 read:

11       42-13352. Determining valuation of property of manufacturers,  
12 assemblers or fabricators

13       A. The county assessor shall determine the valuation of both real and  
14 personal property valued under this article.

15       B. For purposes of determining the valuation of property valued under  
16 this article, the county assessor shall use standard appraisal methods and  
17 techniques as provided in section 42-11001, paragraph 5- 6 and section  
18 42-11054, except as otherwise provided in this article.

19       C. The taxable value of personal property is the result of acquisition  
20 costs less any appropriate depreciation as prescribed by the department. The  
21 taxable value shall not exceed the market value.

22       Sec. 4. Section 42-16202, Arizona Revised Statutes, is amended to  
23 read:

24       42-16202. Appeal from county board of equalization to court

25       A. A property owner who is dissatisfied with the valuation or  
26 classification of the property as determined by a county board of  
27 equalization or a petitioner whose petition is denied by the county board of  
28 equalization, in whole or in part, may appeal directly to court within sixty  
29 days after the date of mailing of the decision, ~~but in any case not later~~  
30 ~~than~~ OR BY December 15, WHICHEVER IS LATER.

31       B. If the county board orders the valuation of any property to be  
32 reduced, the assessor or the department, ~~on or before December 15,~~ may appeal  
33 the decision to court in the same manner as provided by subsection A.

34       Sec. 5. Section 42-16203, Arizona Revised Statutes, is amended to  
35 read:

36       42-16203. Appeal from state board of equalization to court

37       A. Any party, or the department, that is dissatisfied with the  
38 valuation or classification of property reviewed by the state board of  
39 equalization may appeal to court as provided by this article.

40       B. The department or a county assessor who is dissatisfied with the  
41 determination by the state board of an equalization order under section  
42 42-16159 may appeal to the court as provided by this article.

43       C. An appeal to court shall be taken within sixty days after the date  
44 of MAILING OF the state board's final decision.

1 D. Appeals resulting from a change in value due to correcting a  
2 property tax error pursuant to article 6 of this chapter shall be filed  
3 within sixty days after the DATE OF MAILING OF THE state board's decision.

4 Sec. 6. Section 42-16205, Arizona Revised Statutes, is amended to  
5 read:

6 42-16205. Appeal to court in the case of new construction,  
7 changes to assessment parcels and changes in use

8 A. An appeal to court from the state board of equalization or a county  
9 board of equalization relating to changes in assessments under section  
10 42-15105 due to new construction, additions to or deletions from assessment  
11 parcels or changes in property use that occur after September 30 of the  
12 preceding year and before October 1 of the valuation year shall be filed  
13 within sixty days after the date OF MAILING of the decision.

14 B. A new owner of property that was valued by the assessor and whose  
15 valuation was not appealed by the former owner of the property may appeal the  
16 valuation to court on or before December 15 of the year in which the taxes  
17 are levied.

18 Sec. 7. Section 42-17052, Arizona Revised Statutes, is amended to  
19 read:

20 42-17052. Values furnished by county assessor

21 A. On or before February 10 of the tax year, the county assessor shall  
22 transmit and certify to the property tax oversight commission and to the  
23 governing body of the political subdivision or district in the county the  
24 values that are required to compute the levy limit prescribed by section  
25 42-17051. FOR THE PURPOSES OF THIS SECTION, THESE VALUES SHALL NOT BE  
26 CHANGED FOR THE OFFICIAL CALCULATION OF LEVY LIMITS AND TAX RATES AFTER  
27 FEBRUARY 10 WITHOUT THE APPROVAL OF THE PROPERTY TAX OVERSIGHT COMMISSION.  
28 These values shall include:

29 1. The finally equalized valuation of all property, less estimated  
30 exemptions, appearing on the tax roll for the current tax year to be used to  
31 fix, levy and assess the political subdivision's taxes.

32 2. The value of the property on the personal property tax roll  
33 determined pursuant to section 42-17053.

34 B. On or before February 10 of the tax year, the county assessor shall  
35 determine the limited property value for the current tax year of each school  
36 district in the county and shall transmit the values to the county school  
37 superintendent to assist the superintendent in computing equalization  
38 assistance for education as provided in section 15-991.

39 C. On or before February 10 of the tax year, the county assessor shall  
40 transmit to the staff of the joint legislative budget committee and to the  
41 governor's office of strategic planning and budgeting the values that are  
42 required to compute the truth in taxation rates prescribed by section  
43 41-1276.

1       Sec. 8. Title 42, chapter 17, Arizona Revised Statutes, is amended by  
2 adding article 8, to read:

3                   ARTICLE 8. ELDERLY ASSISTANCE

4       42-17401. Elderly assistance fund; primary school district tax  
5                   reduction; definition

6       A. AN ELDERLY ASSISTANCE FUND SHALL BE ESTABLISHED BY THE BOARD OF  
7 SUPERVISORS IN A COUNTY WITH A POPULATION OF MORE THAN TWO MILLION PERSONS TO  
8 BE ADMINISTERED BY THE COUNTY TREASURER. THE FUND SHALL BE USED TO REDUCE  
9 THE PRIMARY SCHOOL DISTRICT TAXES PURSUANT TO SUBSECTION B OF THIS SECTION.

10      B. ON JUNE 30 OF EACH YEAR, THE COUNTY TREASURER SHALL DETERMINE THE  
11 TOTAL AMOUNT OF MONIES IN THE ELDERLY ASSISTANCE FUND AND THE TOTAL NUMBER OF  
12 QUALIFIED INDIVIDUALS WHO LIVE IN THE COUNTY. THE COUNTY TREASURER SHALL USE  
13 THE MONIES IN THE FUND TO PROPORTIONATELY REDUCE THE PRIMARY SCHOOL DISTRICT  
14 TAXES THAT ARE LEVIED AGAINST THE PROPERTY OF ALL QUALIFIED INDIVIDUALS IN  
15 THE COUNTY FOR THE FOLLOWING TAX YEAR.

16      C. THE COUNTY TREASURER SHALL INVEST MONIES IN THE FUND. INTEREST  
17 EARNED ON FUND MONIES SHALL BE DEPOSITED IN THE TAXPAYER'S INFORMATION FUND  
18 ESTABLISHED BY SECTION 11-495.

19      D. FOR THE PURPOSES OF THIS SECTION, "QUALIFIED INDIVIDUAL" MEANS AN  
20 INDIVIDUAL WHO LIVES IN AN ORGANIZED SCHOOL DISTRICT AND WHO IS APPROVED FOR  
21 THE PROPERTY VALUATION PROTECTION OPTION PURSUANT TO ARTICLE IX, SECTION 18,  
22 SUBSECTION (7), CONSTITUTION OF ARIZONA.

23       Sec. 9. Section 42-18153, Arizona Revised Statutes, is amended to  
24 read:

25       42-18153. Amount required for redemption; elderly assistance  
26                   fund deposit

27      A. To redeem a real property tax lien a person must pay to the county  
28 treasurer:

29       1. The amount for which the real property tax lien was sold, with  
30 interest at the rate stated in the certificate of purchase.

31       2. The amount of all taxes accruing on the real property after the  
32 sale and paid by the purchaser and endorsed on the certificate of purchase,  
33 with interest on the subsequent taxes at the same rate as stated in the  
34 certificate of purchase.

35       3. Any statutory fees paid by the purchaser or the purchaser's assigns  
36 in connection with the certificate, except the processing fee imposed by  
37 section 42-18116, subsection C, with interest at the rate stated in the  
38 certificate of purchase except as otherwise provided by this chapter.

39      B. TO REDEEM A REAL PROPERTY TAX LIEN IN A COUNTY THAT HAS ESTABLISHED  
40 AN ELDERLY ASSISTANCE FUND A PERSON SHALL PAY TO THE COUNTY TREASURER:

41       1. THE AMOUNT FOR WHICH THE REAL PROPERTY TAX LIEN WAS SOLD, WITH  
42 INTEREST AT THE RATE PRESCRIBED BY SECTION 42-18053.

43       2. THE AMOUNT OF ALL TAXES ACCRUING ON THE REAL PROPERTY AFTER THE  
44 SALE AND PAID BY THE PURCHASER AND ENDORSED ON THE CERTIFICATE OF PURCHASE,

1 WITH INTEREST ON THE SUBSEQUENT TAXES AT THE SAME RATE PRESCRIBED BY SECTION  
2 42-18053.

3 3. ANY STATUTORY FEES PAID BY THE PURCHASER OR THE PURCHASER'S ASSIGNS  
4 IN CONNECTION WITH THE CERTIFICATE, EXCEPT THE PROCESSING FEE IMPOSED BY  
5 SECTION 42-18116, SUBSECTION C, WITH INTEREST AT THE RATE PRESCRIBED BY  
6 SECTION 42-18053 EXCEPT AS OTHERWISE PROVIDED BY THIS CHAPTER.

7 C. AFTER A REAL PROPERTY TAX LIEN IS REDEEMED UNDER SUBSECTION B OF  
8 THIS SECTION, AND IF AN ELDERLY ASSISTANCE FUND IS ESTABLISHED IN THE COUNTY  
9 PURSUANT TO SECTION 42-17401, THE COUNTY TREASURER SHALL DEPOSIT AN AMOUNT IN  
10 THE ELDERLY ASSISTANCE FUND THAT IS EQUAL TO THE DIFFERENCE IN THE AMOUNT OF  
11 INTEREST PRESCRIBED BY SECTION 42-18053 AND THE AMOUNT OF INTEREST STATED IN  
12 THE CERTIFICATE OF PURCHASE.

13 Sec. 10. Elderly assistance fund; report

14 A county that establishes an elderly assistance fund pursuant to  
15 section 42-17401, Arizona Revised Statutes, as added by this act, shall study  
16 the effectiveness of the fund in reducing primary school district taxes for  
17 seniors who are approved for the property valuation protection option  
18 pursuant to article IX, section 18, subsection (7), Constitution of Arizona  
19 and submit a report of its findings and recommendations to the governor, the  
20 president of the senate and the speaker of the house of representatives on or  
21 before December 31, 2007 and shall provide a copy of this report to the  
22 secretary of state and the director of the Arizona state library, archives  
23 and public records.

24 Sec. 11. Intent

25 During the 2000 regular session, the legislature passed Laws 2000,  
26 chapter 390, an omnibus property tax correction bill to correct numerous  
27 technical issues. This act deleted the reference to the "mailing" date of a  
28 board of equalization decision in anticipation of electronic filing of  
29 appeals. However, the "mailing" date reference was then, and is still,  
30 necessary as there are taxpayers who file appeals and wish to be notified of  
31 decisions through the mail delivered by the United States Postal Service.  
32 This correction is technical and necessary to correct an inadvertent error.

**APPROVED BY THE GOVERNOR APRIL 17, 2006.**

**FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 17, 2006.**